

CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION

Denise L. Yuponce, Esq. SBN 199488
300 Capitol Mall, 17th Floor
Sacramento, California 95814
Telephone: 916 492-3171
Facsimile: 916 324-1883

Attorneys for Harry W. Low,
Insurance Commissioner

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA
SACRAMENTO**

In the Matter of the License Application of

STATEMENT OF ISSUES

BEST BARGAIN INSURANCE
SERVICES, INC.,

File No. LA 15518-A

Respondent.

The Insurance Commissioner of the State of California in his official capacity alleges that:

JURISDICTION AND PARTIES

1. The California Department of Insurance, (hereafter "Department"), brings this matter against Respondent, BEST BARGAIN INSURANCE SERVICES, INC., (hereafter "BEST BARGAIN"), before the Insurance Commissioner of the State of California. The Insurance Commissioner is the principal government regulator of insurance in California, pursuant to California Insurance Code Section 12900 et seq.

2. This proceeding is governed by the California Administrative Procedures Act, Chapter 5, commencing with Government Code Section 11500 et seq.

3. The Department brings the Statement of Issues in this matter against Respondent

1 pursuant to Sections 1668 and 1668.5 of the California Insurance Code. Section 1668 of said
2 Code sets forth various grounds upon which the Commissioner may deny a Fire and Casualty
3 Broker-Agent license. Section 1668.5 of said Code sets forth various grounds upon which the
4 Commissioner may deny an organization a Fire and Casualty Broker-Agent license based upon
5 conduct of the organization's "controlling person."
6

7 4. On or about May 31, 2001, Respondent filed Articles of Incorporation with the
8 Office of the Secretary of State of the State of California.

9 5. On or about September 21, 2001, Respondent BEST BARGAIN, filed an
10 application, (hereafter "Application"), with the Insurance Commissioner of the State of California
11 for an organizational license to act in the capacity of a Fire and Casualty Broker-Agent. Said
12 Application is pending and no license has been issued pursuant to said Application.
13

14 6. During relevant times mentioned herein, Norah Teresa Gomez, (hereafter
15 "Gomez"), was the President, Chief Executive Officer, and Chief Financial Officer of BEST
16 BARGAIN. As such, Gomez controlled, directed, and managed the insurance business of BEST
17 BARGAIN. Accordingly, Gomez was a "controlling person" of BEST BARGAIN within the
18 meaning of Section 1668.5(b) of the California Insurance Code.
19

20 7. Gomez, individually and d.b.a. Best Bargain Insurance Broker Agency was from
21 August 23, 1996, and now is, the holder of a license issued by the Insurance Commissioner of the
22 State of California to act in the capacity of a Fire and Casualty Broker-Agent (License Number
23 0B87002).

24 8. At the time of the drafting of this Statement of Issues, Gomez is the subject of a
25 disciplinary action by the California Department of Insurance in the form of an Accusation which
26 is attached hereto and incorporated herein by this reference.
27
28

1 FACTUAL BACKGROUND

2 9. During the period beginning in or about June 2000 until in or about September
3 2000, seventy-seven (77) applications for insurance were submitted by BEST BARGAIN and/or
4 Gomez to Sun Coast General Insurance Agency, Inc., (hereafter "Sun Coast"), that contained
5 fraudulent suburban garaging addresses for the insureds, rather than the true metropolitan
6 garaging addresses of the insureds, resulting in premium losses to the insurer in an amount not
7 less than thirty thousand dollars (\$30,000.00). Respondent's submission of said fraudulent
8 garaging addresses is in direct contravention of California Insurance Code Section 332.
9

10 10. During the period beginning in or about September 2000 through in or about
11 October 2000, BEST BARGAIN and/or Gomez, without the authorization, consent, or knowledge
12 of the insureds, submitted fourteen (14) written requests to Sun Coast, fraudulently alleged to be
13 on behalf of the insureds, to cancel the policies issued pursuant to the fraudulent applications
14 referenced herein above in Paragraph Number 9.
15

16 11. During relevant times mentioned herein, Respondent BEST BARGAIN and/or
17 Gomez aided and abetted unlicensed individuals in the transaction of insurance, in direct
18 contravention of California Insurance Code Sections 1668(n) and 1668(o).
19

20 FACTUAL ALLEGATIONS

21 12. On or about August 10, 2000, the Department of Insurance received a complaint
22 from Suzanne Barrett, (hereafter "Barrett"), wherein, in or about April, 2000, Barrett paid two
23 hundred sixty-six dollars and seventy-four cents (\$266.74) to BEST BARGAIN, via BEST
24 BARGAIN employee Marlon Benavides, (hereafter "Benavides"), as the transacting agent, as a
25 down payment to purchase automobile insurance to be placed with Leader Insurance Company.
26 Said policy was to be effective April 20, 2000. Said policy was not processed by Benavides,
27 acting on behalf of BEST BARGAIN, in a timely manner, resulting in the loss of a "Persistency
28

1 Discount” by Barrett in addition to exposing Barrett to the risk of uninsured loss for a period of
2 approximately one month. At the time of said insurance transaction, Benavides did not hold a
3 license issued by the Insurance Commissioner to transact insurance of any type. At the time of
4 said insurance transaction, BEST BARGAIN and/or Gomez knew or should have known that
5 Benavides did not hold a license to transact insurance. Accordingly, BEST BARGAIN and/or
6 Gomez aided and abetted an unlicensed individual in the unauthorized transaction of insurance in
7 direct contravention of California Insurance Code Sections 1668(n) and 1668(o).

9 13. From on or about December 2, 1998 until on or about January 20, 2001, Gomez,
10 pursuant to a Broker Agreement, acted in the capacity of a broker for Sun Coast.

11 14. In or about August 2000, Odelia De La Cruz, (hereafter “De La Cruz”), purchased
12 automobile insurance from BEST BARGAIN. In order to obtain said insurance policy, De La
13 Cruz provided BEST BARGAIN with De La Cruz’s home address in Los Angeles. The
14 application submitted to Sun Coast by BEST BARGAIN, on De La Cruz’s behalf, however, listed
15 an automobile garaging address in Santa Barbara, California. De La Cruz did not provide said
16 Santa Barbara garaging address to BEST BARGAIN and did not authorize BEST BARGAIN to
17 submit said garaging address in De La Cruz’s application to Sun Coast. Said application bears a
18 signature in the name of Norah Gomez as the producer.

20 15. On or about October 5, 2000, a letter requesting cancellation of De La Cruz’s
21 insurance policy referenced in Paragraph Number 14, herein above, was submitted to Sun Coast.
22 Said cancellation request bears the heading of “BEST BARGAIN,” and bears a signature in the
23 name of De La Cruz. De La Cruz did not request said policy cancellation, had no knowledge of
24 said request, did not sign said request, and did not authorize BEST BARGAIN to request
25 cancellation of said insurance policy on her behalf.

26 16. In or about September 2000, Arturo Guzman, (hereafter “Guzman”), purchased
27
28

1 automobile insurance from BEST BARGAIN, via Wendy Ortega, (hereafter “Ortega”), as the
2 transacting agent. At the time of said insurance transaction, Ortega did not hold a license issued
3 by the Insurance Commissioner to transact insurance of any type. At the time of the above
4 referenced insurance transaction, BEST BARGAIN and/or Gomez knew or should have known
5 that Ortega did not hold a license to transact said insurance. Accordingly, BEST BARGAIN
6 and/or Gomez aided and abetted an unlicensed individual in the unauthorized transaction of
7 insurance in direct contravention of California Insurance Code Sections 1668(n) and 1668(o).

9 17. In order to obtain the insurance policy referenced in Paragraph Number 16, herein
10 above, Guzman provided BEST BARGAIN with Guzman’s home address in Los Angeles. The
11 application submitted to Sun Coast by BEST BARGAIN, on Guzman’s behalf, however, listed an
12 automobile garaging address in Lonepine, California. Guzman did not provide said Lonepine
13 garaging address to BEST BARGAIN and did not authorize BEST BARGAIN to submit said
14 garaging address in Guzman’s application to Sun Coast. Said application bears a signature in the
15 name of Norah Gomez as the producer.

17 18. In or about September 2000, Martha Palacio, (hereafter “Palacio”), purchased
18 automobile insurance from BEST BARGAIN. In order to obtain said insurance policy, Palacio
19 provided BEST BARGAIN with Palacio’s home address in Los Angeles. The application
20 submitted to Sun Coast by BEST BARGAIN, on Palacio’s behalf, however, listed an automobile
21 garaging address in Santa Maria, California. Palacio did not provide said Santa Maria garaging
22 address to BEST BARGAIN and did not authorize BEST BARGAIN to submit said garaging
23 address in Palacio’s application to Sun Coast. Said application bears a signature in the name of
24 Norah Gomez as the producer.

26 19. In or about August 2000, Salvador Galvan, (hereafter “Galvan”), purchased
27 automobile insurance from BEST BARGAIN. In order to obtain said insurance policy, Galvan
28

1 provided BEST BARGAIN with Galvan's home address in Los Angeles. The application
2 submitted to Sun Coast by BEST BARGAIN, on Galvan's behalf, however, listed an automobile
3 garaging address in Lonepine, California. Galvan did not provide said Lonepine garaging address
4 to BEST BARGAIN and did not authorize BEST BARGAIN to submit said garaging address in
5 Galvan's application to Sun Coast. Said application bears a signature in the name of Norah
6 Gomez as the producer.
7

8 20. On or about September 15, 2000, a letter requesting cancellation of Galvan's
9 insurance policy referenced in Paragraph Number 19, herein above, was submitted to Sun Coast.
10 Said cancellation request bears the heading of "BEST BARGAIN," and bears a signature in the
11 name of Galvan. Galvan did not request said policy cancellation, had no knowledge of said
12 request, did not sign said request, and did not authorize BEST BARGAIN to request cancellation
13 of said insurance policy on his behalf.
14

15 21. In or about July 2000, Veronica Vega, (hereafter "Vega"), purchased automobile
16 insurance from BEST BARGAIN. In order to obtain said insurance policy, Vega provided BEST
17 BARGAIN with Vega's home address in Cudahy. The application submitted to Sun Coast by
18 BEST BARGAIN, on Vega's behalf, however, listed an automobile garaging address in Santa
19 Maria, California. Vega did not provide said Santa Maria garaging address to BEST BARGAIN
20 and did not authorize BEST BARGAIN to submit said garaging address in Vega's application to
21 Sun Coast. Said application bears a signature in the name of Norah Gomez as the producer.
22

23 22. On or about September 23, 2000, a letter requesting cancellation of Vega's
24 insurance policy referenced in Paragraph Number 21, herein above, was submitted to Sun Coast.
25 Said cancellation request bears the heading of "BEST BARGAIN," and bears a signature in the
26 name of Vega. Vega did not request said policy cancellation, had no knowledge of said request,
27 did not sign said request, and did not authorize BEST BARGAIN to request cancellation of said
28

1 insurance policy on her behalf.

2 23. During the period beginning in or about June 2000 until in or about September
3 2000, in addition to the five (5) insureds identified in Paragraph Numbers 14, 15, 16, 17, 18, 19,
4 20, 21, and 22, herein above, Respondent BEST BARGAIN and/or Gomez submitted seventy-
5 two (72) other automobile insurance applications, listed in Exhibit A, attached hereto and
6 incorporated herein by this reference, to Sun Coast wherein the listed garaging address was
7 inconsistent with the applicant's true home address. In each of these additional seventy-two (72)
8 applications, the applicant did not provide said false garaging address to BEST BARGAIN and
9 did not authorize BEST BARGAIN to submit said false garaging address in his/her application to
10 Sun Coast. Respondent and/or Gomez's submission of said fraudulent garaging addresses to Sun
11 Coast is in direct contravention of California Insurance Code Section 332. In total, said seventy-
12 seven (77) fraudulent applications resulted in a loss of premiums to the insurer in an amount not
13 less than thirty thousand dollars (\$30,000.00).

14 24. During the period beginning in or about September 2000 through in or about
15 October 2000, BEST BARGAIN and/or Gomez, without the authorization, consent, or knowledge
16 of the insureds, submitted fourteen (14) written requests, fraudulently alleged to be on behalf of
17 the insureds, to cancel said policies. Each of said fourteen (14) cancellation requests bore the
18 fraudulent signature in the name of each insured. Said fraudulent requests were submitted by
19 BEST BARGAIN and/or Gomez alleged to be on behalf of the following insureds: (1) Veronica
20 Vega, referenced herein above in Paragraph Numbers 21 and 22; (2) Pablo Mejia; (3) Gerardo
21 Leal; (4) Enrique Arces; (5) Aaron A. Jenkins; (6) Odelia De La Cruz, referenced herein above in
22 Paragraph Numbers 14 and 15; (7) Jose Carlos Ramirez; (8) Salvador G. Galvan, referenced
23 herein above in Paragraph Numbers 19 and 20; (9) Eduardo Lopez; (10) Adrian Salazar; (11)
24 Leonel Rodriguez; (12) Rodolfo Silva; (13) Erick Melara; and, (14) Urbano Mendoza.

25. On or about January 20, 2001, Sun Coast terminated its Broker Agreement contract with Gomez and BEST BARGAIN.

26. On or about March 9, 2001, in Small Claims Case Number 00SS03429, in the Superior Court, South Justice Center-Annex, Laguna Hills, California, judgment was entered in which Gomez was ordered to pay Sun Coast five thousand dollars (\$5,000.00), representing additional premiums due.

27. During relevant times mentioned herein, BEST BARGAIN and/or Gomez employed Karla Gonzalez, (hereafter “Gonzalez”), who transacted insurance on behalf of BEST BARGAIN. Gonzalez is not now, nor was she ever, the holder of a license to transact insurance of any type. During the period of Gonzalez’ employment at BEST BARGAIN, Respondent and/or Gomez knew or should have known that Gonzalez did not hold a license to transact insurance. Accordingly, BEST BARGAIN and/or Gomez aided and abetted an unlicensed individual in the unauthorized transaction of insurance in direct contravention of California Insurance Code Sections 1668(n) and 1668(o).

STATUTORY ALLEGATIONS

28. The facts alleged in Paragraph Numbers 1 through 27, herein above, demonstrate that it would be against the public interest to permit the Respondent to transact insurance in the State of California and constitute grounds for the Insurance Commissioner to deny Respondent's pending application pursuant to Section 1668(b) of the California Insurance Code.

29. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that Respondent is not of good business reputation, and constitute grounds for the Insurance Commissioner to deny Respondent's pending application pursuant to the provisions of Section 1668(d) of the California Insurance Code.

1 30. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
2 Respondent is lacking in integrity, and constitute grounds for the Insurance Commissioner to
3 deny Respondent's pending application pursuant to the provisions of Section 1668(e) of the
4 California Insurance Code.

5 31. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
6 Respondent has previously engaged in a fraudulent practice or act or have conducted any business
7 in a dishonest manner, and constitute grounds for the Insurance Commissioner to deny
8 Respondent's pending application pursuant to the provisions of Section 1668(i) of the California
9 Insurance Code.
10

11 32. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
12 Respondent has shown incompetency or untrustworthiness in the conduct of business, or has by
13 commission of a wrongful act or practice in the course of business exposed the public or those
14 dealing with them to the danger of loss, and constitute grounds for the Insurance Commissioner to
15 deny Respondent's pending application pursuant to the provisions of Section 1668(j) of the
16 California Insurance Code.
17

18 33. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
19 Respondent has knowingly misrepresented the terms or effect of an insurance policy or contract
20 and constitute grounds for the Insurance Commissioner to deny Respondent's pending application
21 pursuant to the provisions of Section 1668(k) of the California Insurance Code.
22

23 34. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
24 Respondent has failed to perform a duty expressly enjoined upon it by a provision of this code or
25 has committed an act expressly forbidden by such a provision (including, but not limited to
26 California Insurance Code Section 332), and constitute grounds for the Insurance Commissioner
27
28

1 to deny Respondent's pending application pursuant to the provisions of Section 1668(l) of the
2 California Insurance Code.

3 35. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
4 Respondent has aided or abetted any person in an act or omission which would constitute grounds
5 for the suspension, revocation or refusal of a license issued under this code to the person aided or
6 abetted and, thereby, constitute grounds for the Insurance Commissioner to deny Respondent's
7 pending application pursuant to the provisions of Section 1668(n) of the California Insurance
8 Code.
9

10 36. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
11 Respondent has permitted any person in its employ to violate any provision of this code
12 (including, but not limited to California Insurance Code Sections 31, 33, 35, 1631, and 1633), and
13 constitute grounds for the Insurance Commissioner to deny Respondent's pending application
14 pursuant to the provisions of Section 1668(o) of the California Insurance Code.
15

16 37. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
17 Respondent's controlling person has previously engaged in a fraudulent practice or act or has
18 conducted any business in a dishonest manner, and constitute grounds for the Insurance
19 Commissioner to deny Respondent a license to transact insurance in the State of California
20 pursuant to the provisions of Section 1668.5(a)(1) of the California Insurance Code.
21

22 38. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
23 Respondent's controlling person has shown incompetency or untrustworthiness in the conduct of
24 business, or has by commission of a wrongful act or practice in the course of business exposed
25 the public or those dealing with him to the danger of loss, and constitute grounds for the
26 Insurance Commissioner to deny Respondent a license to transact insurance in the State of
27 California pursuant to the provisions of Section 1668.5(a)(2) of the California Insurance Code.
28

1 39. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
2 Respondent's controlling person has knowingly misrepresented the terms or effect of an
3 insurance policy or contract, and constitute grounds for the Insurance Commissioner to deny
4 Respondent a license to transact insurance in the State of California pursuant to the provisions of
5 Section 1668.5(a)(3) of the California Insurance Code.
6

7 40. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
8 Respondent's controlling person has failed to perform a duty expressly enjoined upon him by a
9 provision of this code or has committed an act expressly forbidden by such provision, (including,
10 but not limited to California Insurance Code Section 332), and constitute grounds for the
11 Insurance Commissioner to deny Respondent a license to transact insurance in the State of
12 California pursuant to the provisions of Section 1668.5(a)(4) of the California Insurance Code.
13

14 41. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
15 Respondent's controlling person has aided or abetted any person in an act or omission that would
16 constitute grounds for the suspension, revocation, or refusal of a license issued under this code to
17 the person aided or abetted and, thereby, constitute grounds for the Insurance Commissioner to
18 deny Respondent a license to transact insurance in the State of California pursuant to the
19 provisions of Section 1668.5(a)(6) of the California Insurance Code.
20

21 42. The facts alleged in Paragraph Numbers 1 through 27, herein above, show that
22 Respondent's controlling person has permitted any person in his/her employ to violate any
23 provision of this code, and constitute grounds for the Insurance Commissioner to deny
24 Respondent a license to transact insurance in the State of California pursuant to the provisions of
25 Section 1668.5(a)(7) of the California Insurance Code.
26

27 WHEREFORE, Respondent is hereby notified that Respondent must present evidence
28 satisfactory to the Commissioner that Respondent is qualified for the license for which

1 Respondent has applied, as provided in Section 1666 of the California Insurance Code, and
2 further must show that none of the provisions of Sections 1668 and 1668.5 of the California
3 Insurance Code, as alleged herein, apply to Respondent.
4

5 Dated: December _____, 2002

HARRY W. LOW
Insurance Commissioner

6
7
8 By _____

DENISE L. YUPONCE,
Staff Counsel

9
10
11 ///

12 ///